

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 98-340-C - ORDER NO. 1999-5

JANUARY 5, 1999

✓ MR

IN RE: Application of U.S. Network Services, Inc.)	ORDER
for a Certificate of Public Convenience and)	GRANTING
Necessity to Operate as a Reseller of)	APPLICATION
Interexchange Telecommunications Services)	
within the State of South Carolina.)	

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of U.S. Network Services, Inc. ("USNet" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of intrastate interexchange telecommunications services in the State of South Carolina. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1996) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed USNet to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of USNet's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. USNet complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene or Protests were filed.

A hearing was commenced on December 9, 1998, at 11:00 a.m., in the Commission's Hearing Room. The Honorable Philip T. Bradley, Chairman, presided. USNet was not represented by counsel. Florence P. Belser, Staff Counsel, represented the Commission Staff.

Bernie L. Maberry, Assistant Secretary of USNet, appeared and offered testimony in support of USNet's Application. The record reveals that USNet is a Delaware corporation that is authorized to transact business within South Carolina by the South Carolina Secretary of State. According to Mr. Maberry, USNet seeks authority to operate as a reseller of intraLATA and interLATA intrastate telecommunications services. USNet seeks to offer intrastate, interLATA and, to the extent authorized by the Commission, intraLATA direct-dialed services including 1+ service, flat rate service, 800 inbound service, and travel cards. Mr. Maberry stated that USNet did not plan to offer prepaid calling (or debit) cards and stated that the final tariff would delete references to a prepaid calling (or debit) card service offering. The record reveals the Company's services, operations and marketing procedures.

Mr. Maberry also explained that USNet possesses the technical, financial and managerial abilities to provide its services in South Carolina. Regarding USNet's financial condition, Mr. Maberry offered that USNet has sufficient financial resources to provide the services sought in the Application. Regarding USNet's managerial and technical experience, Mr. Maberry stated that USNet's personnel represent a broad spectrum of business and technical disciplines, possessing many years of individual and aggregate telecommunications experience. In further support of USNet's qualifications,

Mr. Maberry testified that USNet is currently authorized to provide intrastate telecommunications in 25 other states. Mr. Maberry testified that the Company would operate in accordance with the Commission rules, regulations, guidelines, and Commission Orders. Finally, Mr. Maberry offered that approval of USNet's application is in the public interest as approval of USNet's Application should bring (1) more competition, additional services, and better product at competitive prices; (2) increased customer choice as well as innovative telecommunications services; (3) efficient use of existing resources as well as diversification and reliability of supply of communications services; (4) development of expanded telecommunications supply industry in South Carolina; and (5) an expanded tax base and revenue source for the State of South Carolina.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. USNet is a corporation organized under the laws of the State of Delaware and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.
2. USNet operates as a non-facilities based reseller of interexchange services and wishes to provide its services in South Carolina.
3. USNet has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to USNet to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through its own facilities and through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.
2. The Commission adopts a rate design for USNet for its services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).
3. USNet shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. USNet shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed

increase in the maximum rate level reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1996).

4. If it has not already done so by the date of issuance of this Order, USNet shall file its revised maximum tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

5. USNet is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

6. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. USNet shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If USNet changes underlying carriers, it shall notify the Commission in writing.

8. With regard to the origination and termination of toll calls within the same LATA, USNet shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

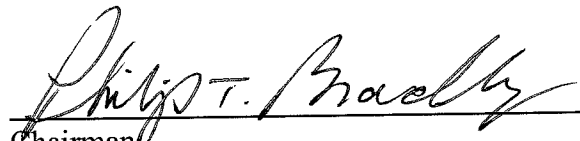
9. USNet shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

10. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. USNet shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. Attachment B shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

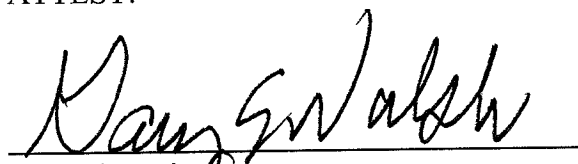
11. USNet shall conduct its business in compliance with Commission decisions and Orders, both past and future. Further, USNet is directed to obey and operate in compliance with the Rules and Regulations promulgated by the Commission, unless a Rule or Regulation is specifically waived by the Commission.

12. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS FOR INTEREXCHANGE COMPANIES AND AOS'S

COMPANY NAME

FEI NO.

ADDRESS

CITY, STATE, ZIP CODE

PHONE NUMBER

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR
12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- * THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN
PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF
CONSTRUCTION AND CUSTOMER DEPOSITS.
- (4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING
_____.
- * THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.
- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT
OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS
METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3
ABOVE).

SIGNATURE

NAME (PLEASE TYPE OF PRINT)

TITLE

DOCKET NO. 98-340-C - ORDER NO. 1999-5
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ATTACHMENT B

**INFORMATION OF THE AUTHORIZED UTILITY
REPRESENTATIVES FOR INTEREXCHANGE, LOCAL
AND AOS COMPANIES**

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION
REGULATION 103-612.2.4(b), each utility shall file and maintain with the Commission
the name, title, address, and telephone number of the persons who should be contacted in
connection with Customer Relations/Complaints.

Company Name/DBA Name

Business Address

City, State, Zip Code

Authorized Utility Representative (Please Print or Type)

Telephone Number

Fax Number

E-Mail Address

This form was completed by Signature

If you have any questions, contact the Consumer Services Department at 803-737-5230